

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2011  
for  
ABS Group Ltd**

WEDNESDAY



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for the Year Ended 31 December 2011**

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**ABS Group Ltd**  
**Company Information**  
**for the Year Ended 31 December 2011**

<b>DIRECTORS</b>	A Nassif D A Walker
<b>SECRETARIES.</b>	M Mannix Ms S Barton
<b>REGISTERED OFFICE</b>	EQE House, The Beacons Warrington Road Birchwood Warrington Cheshire WA3 6WJ
<b>REGISTERED NUMBER</b>	02562245 (England and Wales)
<b>AUDITORS</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>BANKERS</b>	Barclays Bank plc PO Box 35721 Level 27 One Churchill Place London E14 5HP

**ABS Group Ltd (Registered number 02562245)**

**Report of the Directors  
for the Year Ended 31 December 2011**

The directors present their report with the financial statements of ABS Group Ltd ('the Company') for the year ended 31 December 2011

**PRINCIPAL ACTIVITY**

The Company's principal activities in the period under review were providing third party inspection, verification, quality consulting and other technical services. The results for the year are set out on page 5 of the financial statements. During the year the group operated through branches in the UK, Germany, Italy, France, Spain, the Netherlands, Denmark and Greece.

**REVIEW OF BUSINESS**

The Key financial indicators during the year were as follows

	2011 £'000	2010 £'000	Change %
Turnover	3,217	2,225	45%
Gross Profit	1,147	650	76%
Gross Profit % Sales	36%	29%	24%

The £992k increase in revenue during 2011 is primarily due to the expansion of the inspection and verification services into new markets. The rate of gross profit increased to 36% in spite of continuing difficult market conditions.

The business strategy for 2012 onwards is to further expand into the growing renewable energy market by targeting key clients in the European region. The expansion into this new market is part of a global strategy and a number of key appointments have been made within the ABS Group of Companies to develop business relationships within this market.

**DIVIDENDS**

The directors do not recommend the payment of a dividend (2010 £Nil). The total recognised gain for the year of £231K (2010 loss of £10K) has been transferred to reserves.

**FUTURE DEVELOPMENTS**

The business continues to move forward by building on its strong relationships with key clients and by taking advantage of the benefits of synergies and business opportunities with other entities within the ABS Group of Companies. In particular the business intends to continue to develop its services within the Renewable Energy sector.

**DIRECTORS**

The directors who held office during the year were as follows

Antoine Nassif

David Walker (appointed 23 November 2011)

George Green (resigned 30 June 2011)

**GOING CONCERN**

After making reasonable enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in the operational existence for the foreseeable future. As the parent Company ABS Group Inc has undertaken to continue to provide financial and other support to ABS Group Ltd for the next 12 months from the signing of these accounts and thereafter for the foreseeable future to enable it to continue to trade. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's principal risks are from a shortage of suitably qualified inspectors in the ship industry and from fluctuations in exchange rates. The utilisation of staff from other Group Companies lessens the risk of skills shortage while the effects of movement in exchange rates are mitigated by matching revenue and expense currencies whenever possible. The Company policy of billing all intercompany expenses denominated in US dollars could give rise to realised gains and losses on foreign exchange should there be any change to the existing policy.

**Report of the Directors  
for the Year Ended 31 December 2011**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

Ernst & Young LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of The Companies Act 1985 which continues in force under the Companies Act 2006.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD**

  
M Mannix - Secretary

Date 12<sup>th</sup> September 2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ABS GROUP LIMITED (Registered number 02562245)**

We have audited the financial statements of ABS Group Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Denise Lamder (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date *13 September 2012*

**ABS Group Ltd (Registered number 02562245)**

**Profit and Loss Account  
for the Year Ended 31 December 2011**

	Notes	2011 £'000	2010 £'000
<b>TURNOVER</b>	2	3,217	2,225
Cost of sales		<u>2,070</u>	<u>1,575</u>
<b>GROSS PROFIT</b>		1,147	650
Administrative expenses		<u>906</u>	<u>556</u>
<b>OPERATING PROFIT</b>	3	241	94
Interest payable and similar charges	4	<u>18</u>	<u>13</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		223	81
Tax on profit on ordinary activities	5	<u>-</u>	<u>(17)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>223</u></u>	<u><u>98</u></u>

**CONTINUING OPERATIONS**

None of the Company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

**ABS Group Ltd (Registered number 02562245)**

**Statement of Total Recognised Gains and Losses  
for the Year Ended 31 December 2011**

	2011 £'000	2010 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>	223	98
Currency translation adjustments	<u>8</u>	<u>(108)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>231</u></u>	<u><u>(10)</u></u>

The notes form part of these financial statements



ABS Group Ltd (Registered number 02562245)

Balance Sheet  
31 December 2011

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	7		4		4
Investments	8		<u>-</u>		<u>-</u>
			4		4
<b>CURRENT ASSETS</b>					
Debtors	9	11,293		11,122	
Cash at bank		<u>208</u>		<u>80</u>	
		11,501		11,202	
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>13,386</u>		<u>13,218</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,885)</u>		<u>(2,016)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(1,881)		(2,012)
<b>PROVISIONS FOR LIABILITIES</b>	11		<u>171</u>		<u>271</u>
<b>NET LIABILITIES</b>			<u>(2,052)</u>		<u>(2,283)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1,767		1,767
Profit and loss account	13		<u>(3,819)</u>		<u>(4,050)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(2,052)</u>		<u>(2,283)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on *12 September 2012* and were signed on its behalf by

*Dad a Walker*  
D A Walker - Director

Notes to the Financial Statements  
for the Year Ended 31 December 2011

1 ACCOUNTING POLICIES

**Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The accounts have been prepared on a going concern basis, notwithstanding the deficit on net assets. In the general interests of the Company, the parent Company ABS Group Inc has undertaken to continue to provide financial and other support to ABS Group Ltd for the next 12 months from the signing of these accounts and thereafter for the foreseeable future to enable it to continue to trade

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of the American Bureau of Shipping, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other wholly owned entities which form part of the group, or investees of the group qualifying as related parties. The American Bureau of Shipping produces consolidated financial statements the address of the Company can be found within note 15

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

**Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year. Revenue is recognised on a percentage of completion basis for long term contracts and on invoicing of fee based work

**Tangible fixed assets**

Tangible assets are stated at cost less depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer equipment	-	over lower of 3 to 5 years or the lease term
Fixtures and fittings	-	10% Straight line

**Deferred tax**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax has not been recognised as the directors consider that it is unlikely that there will be suitable taxable profits which the future reversal of the underlying timing differences can be deducted

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Assets and liabilities in overseas branches are translated into Sterling at the rates of exchange ruling at the balance sheet date. Profit and loss accounts of such branches are translated at the average rates of exchange during the year. Any differences are taken to reserves and disclosed in the Statement of Total Recognised Gains and Losses

Intercompany balances are treated as monetary assets and in accordance with SSAP 20 the revaluation of prior year balances is included in the statement of total recognised gains and losses

ABS Group Ltd (Registered number 02562245)

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

1 ACCOUNTING POLICIES - continued

**Pensions**

The Company operates a defined contribution pension scheme. Contributions to this scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

One employee participates in a pension scheme operated by another group Company, ABS Europe Limited, providing benefits based on final pensionable pay. The assets of the scheme are held in separate trustee administered funds. Contributions have been paid by ABS Group Limited to ABS Europe Limited. The required disclosure regarding these costs are included in the financial statements of ABS Europe Limited. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Long term contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

**Investments**

Investments are valued at the lower of cost and net realisable value.

2 TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Company.

An analysis of turnover by class of business is given below.

	2011 £'000	2010 £'000
Third party inspection	2,368	1,222
Verification	54	119
Quality consulting	766	741
Other technical services	<u>29</u>	<u>143</u>
	<u>3,217</u>	<u>2,225</u>

An analysis of turnover by geographical market is given below.

	2011	2010
UK	5.13%	13.80%
Europe	80.29%	75.73%
Rest of World	<u>14.61%</u>	<u>10.56%</u>
	<u>100.00%</u>	<u>100.00%</u>

**ABS Group Ltd (Registered number 02562245)**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011**

**3 OPERATING PROFIT**

The operating profit is stated after charging

	2011 £'000	2010 £'000
Depreciation - owned assets	2	2
Auditors' remuneration	18	8
Pension costs	<u>48</u>	<u>56</u>
	2011	2010
	£	£
Directors' remuneration and other benefits	<u>-</u>	<u>-</u>

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £'000	2010 £'000
Bank charges	-	-
Exchange loss/(gain) arising on receipts/payments	10	(3)
Exchange loss arising on intercompany balance	<u>8</u>	<u>16</u>
	<u>18</u>	<u>13</u>

**5 TAXATION**

**Analysis of the tax credit**

The tax credit on the profit on ordinary activities for the year was as follows

	2011 £'000	2010 £'000
Current tax		
Prior year corporation tax	<u>-</u>	<u>(17)</u>
Tax on profit on ordinary activities	<u>-</u>	<u>(17)</u>

**Factors affecting the tax credit**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	<u>223</u>	<u>81</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.500% (2010 - 28%)	59	23
Effects of		
Depreciation was in excess of capital allowances for the year	(3)	1
Creation/(utilisation) of tax losses other group companies in	(62)	(23)
Permanent differences	(1)	(2)
Other timing differences	7	1
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(17)</u>
Current tax credit	<u>-</u>	<u>(17)</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

5 **TAXATION - continued**

**Factors that may affect future tax charges**

The Company has an unrecognised deferred tax asset of £1,000,980 (2010 £1,140,009) in respect of tax losses and other timing differences. Legislation was introduced in Finance Act 2011 to reduce the main rate of corporation tax from 26% to 25% which effect from 1 April 2012. The effect of this reduction is reflected in the unrecognised deferred tax asset of £1,000,980.

On 21 March 2012 as part of the 2012 Budget, the UK government has announced its intention to legislate to reduce the rate to 24% with effect from 1 April 2012 and further by 1% per annum falling to 22% with effect from 1 April 2014. The reduction to 24% has subsequently been enacted under the provisions of the Provisional Collection of Taxes Act 1968. The director estimates the maximum effect of these rate changes will be to reduce the unrecognised deferred tax asset to £880,862.

6 **DIRECTORS' REMUNERATION AND OTHER BENEFITS**

The directors spend the majority of their time managing other entities within the ABS Group of Companies. The proportion of their remuneration from other entities which was recharged to the Company during 2011 is not significant.

7 **TANGIBLE FIXED ASSETS**

	Fixtures and fittings £'000	Office equipment £'000	Totals £'000
<b>COST</b>			
At 1 January 2011	98	34	132
Additions	-	2	2
Exchange differences	<u>1</u>	<u>-</u>	<u>1</u>
At 31 December 2011	<u>99</u>	<u>36</u>	<u>135</u>
<b>DEPRECIATION</b>			
At 1 January 2011	96	32	128
Charge for year	-	2	2
Exchange differences	<u>1</u>	<u>-</u>	<u>1</u>
At 31 December 2011	<u>97</u>	<u>34</u>	<u>131</u>
<b>NET BOOK VALUE</b>			
At 31 December 2011	<u>2</u>	<u>2</u>	<u>4</u>
At 31 December 2010	<u>2</u>	<u>2</u>	<u>4</u>

8 **FIXED ASSET INVESTMENTS**

The Company's investments at the balance sheet date in the share capital of companies comprises the following

**ABS Consulting (Hellas)**

Country of incorporation Greece

Nature of business Non-trading

Class of shares	% holding
Group	100.00
Company	100.00

The cost (£106,000) of the fixed asset investment in ABS Consulting (Hellas) has been fully provided.

ABS Group Ltd (Registered number 02562245)

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

9	<b>DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			2011	2010
				£'000	£'000
	Trade debtors			682	486
	Amounts owed by group undertakings			10,475	10,544
	Amounts recoverable on contract			100	50
	Other debtors			<u>36</u>	<u>42</u>
				<u>11,293</u>	<u>11,122</u>
	All debtor balances are due within 1 year				
10	<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			2011	2010
				£'000	£'000
	Bank loans and overdrafts			-	39
	Trade creditors			227	108
	Amounts owed to group undertakings			12,986	12,915
	Social security and other taxes			44	35
	Accruals and deferred income			<u>129</u>	<u>121</u>
				<u>13,386</u>	<u>13,218</u>
	All creditor balances are due within 1 year				
11	<b>PROVISIONS FOR LIABILITIES</b>			2011	2010
				£'000	£'000
	Other provisions				
	Severance provision			171	29
	Pension provision			<u>-</u>	<u>242</u>
				<u>171</u>	<u>271</u>
					Provisions
					£'000
	Balance at 1 January 2011				271
	Pension and Severance				137
	Purchase of Spanish Pension				(242)
	Exchange adjustments				<u>6</u>
	Balance at 31 December 2011				<u>172</u>
	Purchase of a Spanish pension for a retiring employee in Spain				
12	<b>CALLED UP SHARE CAPITAL</b>				
	Allotted, issued and fully paid				
	Number	Class	Nominal value	2011	2010
				£'000	£'000
	1,767	Ordinary	£1	<u>1,767</u>	<u>1,767</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

13 RESERVES

	Profit and loss account £'000
At 1 January 2011	(4,050)
Profit for the year	223
Exchange adjustment	<u>8</u>
At 31 December 2011	<u>(3,819)</u>

14 PENSION COMMITMENTS

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total pension cost of the year was £48,132 (2010 £56,358). Contributions unpaid but accrued at the balance sheet date were £786 (2010 nil).

One employee of the Company is a member of a pension scheme providing benefits based on final pensionable pay operated by the related Company, ABS Europe Limited. The employer pension costs have been paid by ABS Group Limited to ABS Europe Limited. The appropriate disclosures regarding these costs are included in the financial statements of ABS Europe Limited.

15 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of The American Bureau of Shipping, an entity incorporated by special statute in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by The American Bureau of Shipping, an entity incorporated by special statute in the United States of America. The consolidated accounts are available from the following address:

ABS Plaza  
16855 North Chase Drive  
Houston  
TX 77060  
USA

The smallest group in which they are consolidated is that headed by ABS Europe Limited, a Company incorporated in the United Kingdom. The consolidated accounts are available from the following address:

No 1 Frying Pan Alley,  
London, E1 7HR